

# ESCO Technologies

## Second Quarter FY 2026 Earnings Call

**Bryan Sayler**  
President & CEO

**Chris Tucker**  
Sr. Vice President & CFO

May 7, 2026



# Forward Looking Statement

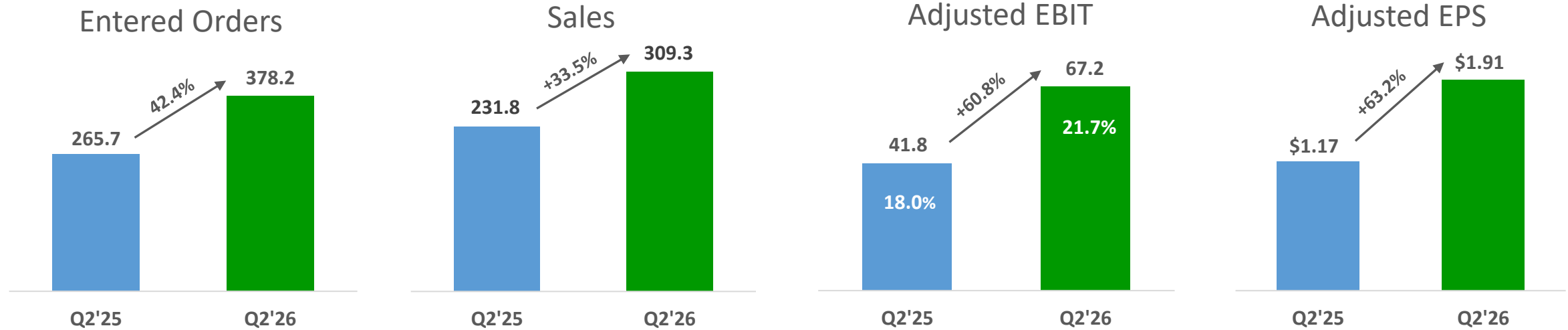
Statements in this presentation regarding Management's intentions, expectations and guidance for fiscal 2026, including restructuring and cost reduction actions, sales, orders, revenues, margin, earnings, Adjusted EPS, acquisition related amortization, and any other statements which are not strictly historical, are "forward-looking statements" within the meaning of the safe harbor provisions of the U.S. securities laws.

Investors are cautioned that such statements are only predictions and speak only as of the date of this release, and the Company undertakes no duty to update them except as may be required by applicable laws or regulations. The Company's actual results in the future may differ materially from those projected in the forward-looking statements due to risks and uncertainties that exist in the Company's operations and business environment including but not limited to those described in Item 1A, "Risk Factors", of the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2025 and the following: the impacts of climate change and related regulation of greenhouse gases; the impacts of labor disputes, civil disorder, wars including the conflicts involving Iran and Lebanon, elections, political changes, tariffs and trade disputes, terrorist activities, cyberattacks or natural disasters on the Company's operations and those of the Company's customers and suppliers; disruptions in manufacturing or delivery arrangements due to shortages or unavailability of materials or components; restrictions or closures of critical supply routes such as the Strait of Hormuz; other supply chain disruptions; inability to access work sites; the timing and content of future contract awards or customer orders; the timely appropriation, allocation and availability of Government funds; the termination for convenience of Government and other customer contracts or orders; weakening of economic conditions in served markets; the success of the Company's competitors; changes in customer demands or customer insolvencies; competition; intellectual property rights; technical difficulties or data breaches; the availability of acquisitions; delivery delays or defaults by customers; performance issues with key customers, suppliers and subcontractors; material changes in the costs and availability of certain raw materials; material changes in the cost of credit; changes in laws and regulations including but not limited to changes in accounting standards and taxation; changes in interest, inflation and employment rates; costs relating to environmental matters arising from current or former facilities; uncertainty regarding the ultimate resolution of current disputes, claims, litigation or arbitration; and the integration and performance of acquired businesses.

During the call, the Company may discuss some non-GAAP financial measures in describing the Company's operating results. A reconciliation of these measures to their most comparable GAAP measures can be found in the press release issued today and found on the Company's website at [www.escotechnologies.com](http://www.escotechnologies.com) under the link: Investor Relations.

In addition, the financial results presented in this presentation include certain non-GAAP financial measures such as EBIT, Adjusted EBIT, EBITDA, Adjusted EBITDA and Adjusted EPS. These non-GAAP financial measures are reconciled to their respective GAAP equivalents in the "Reconciliation of Non-GAAP Measures" presented below.

# Q2 Results – Continuing Operations (\$ in Millions, except per share amounts)



## Entered Orders

- Orders +\$113M (+42.4%)
  - Organic Orders +\$60M (+22.3%) + Maritime +\$53M (+20.1%)
  - Order strength across Navy, Aerospace, Test & Utility markets
- Q2 Book-to-Bill of 1.22
- Backlog of \$1.5B (+29.7% from 9/30/25)

## Sales

- Sales +\$78M (+33.5%) / Organic +\$30M (+12.8%) / Maritime +\$48M (20.7%)
- Broad Strength in Navy, Aerospace, Test and Regulated Utilities

## Adjusted EBIT

- Adjusted EBIT Margin increased 370 basis points to 21.7%
- Q2 Incremental margin of 33%

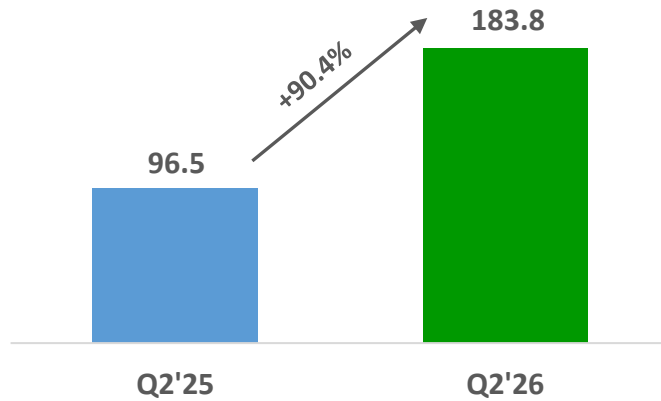
## Adjusted EPS

- Adjusted EPS of \$1.91 increased 63%

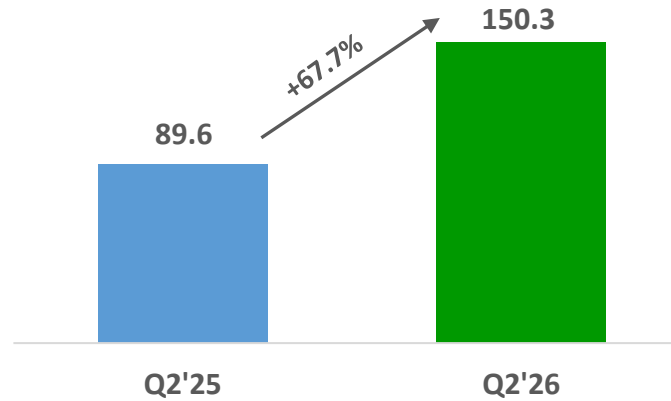
	Q2'25	Q2'26	Delta \$	Delta %
Entered Orders	\$265.7	378.2	112.5	42.4%
Sales	231.8	309.3	77.5	33.5%
Adjusted EBIT	41.8	67.2	25.4	60.8%
<i>Adj EBIT Margin</i>	18.0%	21.7%	+3.7 pts	
Adjusted EBITDA	49.9	76.4	26.5	53.0%
<i>Adj EBITDA Margin</i>	21.5%	24.7%	+3.2 pts	
EPS GAAP-Cont Ops	\$1.02	\$1.29	\$0.27	26.5%
EPS Adjusted-Cont Ops	\$1.17	\$1.91	\$0.74	63.2%

# A&D - Continuing Operations – Q2 (\$ in Millions)

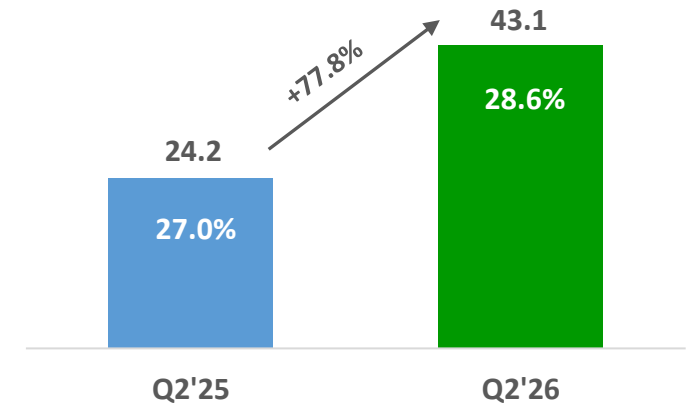
Entered Orders



Sales



Adjusted EBIT



## Entered Orders

- Orders +\$87M (+90%) / Organic +\$34M (+35%) / Maritime \$53M (+55%)
  - Organic growth driven by strength in Commercial Aerospace & \$24M of Virginia Class Block V.2/VI XHT, Baffle Panels & LWWAA orders
- Q2 Book-to-Bill of 1.22 / Backlog of \$1.1B up \$272M (+34%) from 9/30/25

## Sales

- Sales +\$61M (+68%) / Organic +\$13M (+14%) / Maritime +\$48M (+54%)
  - Aerospace +\$14M (+21%) – Organic +\$8M (+13%) / Maritime Other Military – \$6M (+8%)
  - Navy +\$44M (+287%) / Organic +\$5M (+35%) / Maritime +\$39M (+252%)

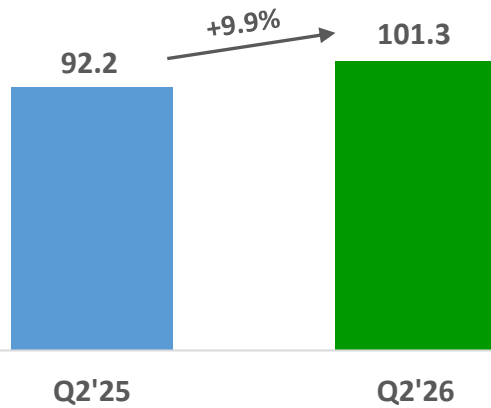
## Adjusted EBIT

- Driven by leverage on higher volume (including the addition of Maritime), and price increases, partially offset by mix and inflationary pressures
- Adjusted EBIT Margin increased 160 basis points to 28.6%

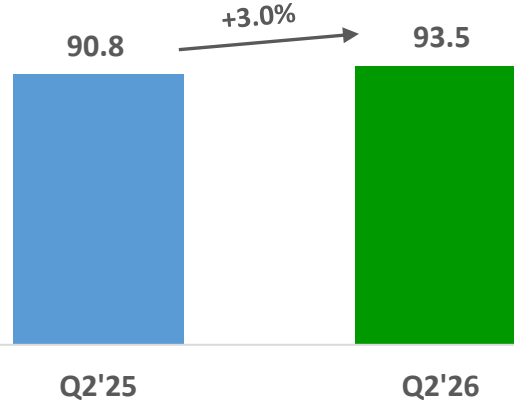
	Q2'25	Q2'26	Delta \$	Delta %
Entered Orders	\$96.5	183.8	87.3	90.4%
Sales	89.6	150.3	60.7	67.7%
Adjusted EBIT	24.2	43.1	18.9	77.8%
<i>Adj EBIT Margin</i>	27.0%	28.6%	+1.6 pts	
Adjusted EBITDA	27.1	46.5	19.4	72.0%
<i>Adj EBITDA Margin</i>	30.2%	31.0%	+0.8 pts	
	Prior YE	3/31/26	Delta \$	Delta %
Backlog	\$803.0	1,075.0	272.0	33.9%

# USG – Q2 (\$ in Millions)

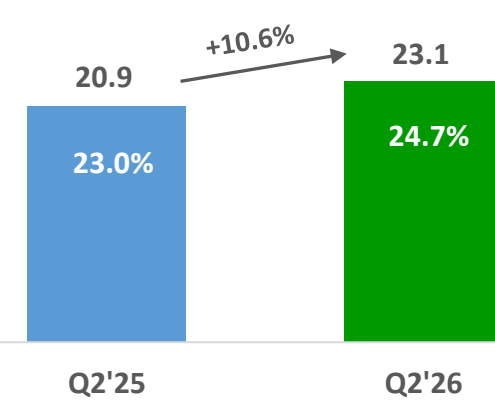
## Entered Orders



## Sales



## Adjusted EBIT



### Entered Orders

- Doble +\$15M (+20%) - Strong orders for Services, Offline Test equipment, and Condition Monitoring
- NRG down \$6M (-41%) - lower orders in U.S. (sunsetting of tax credits) & EU (permitting delays on utility scale renewables projects)
- Q2 Book-to-Bill of 1.08 / Backlog of \$163M up \$19M (+13%) from 9/30/25

### Sales

- Doble +\$8M (+11%) – primarily driven by higher Protection Testing, Offline Test Equipment and Services
- NRG down \$5M (-36%) - lower lidar, towers, and solar sales

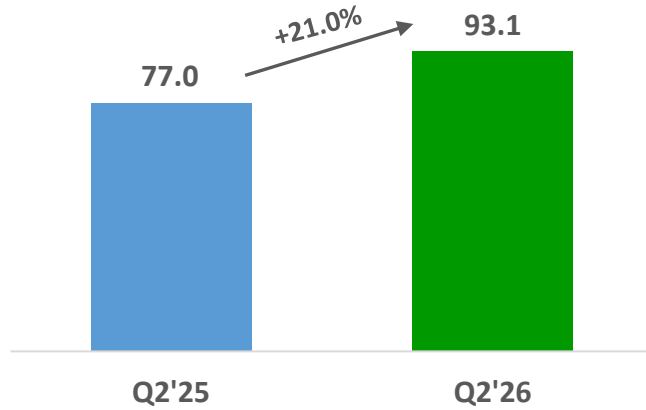
### Adjusted EBIT

- Driven by leverage on higher volume at Doble, price increases, and mix, partially offset by deleverage on lower volume at NRG and inflationary pressures
- Adjusted EBIT Margin increased 170 basis points to 24.7%

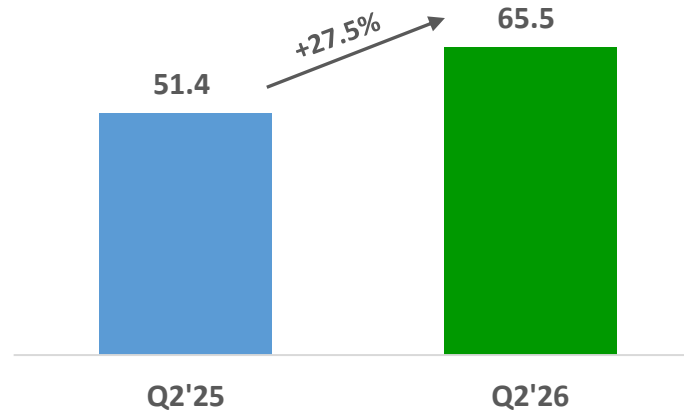
	Q2'25	Q2'26	Delta \$	Delta %
Entered Orders	\$92.2	101.3	9.1	9.9%
Sales	90.8	93.5	2.7	3.0%
Adjusted EBIT	20.9	23.1	2.2	10.6%
<i>Adj EBIT Margin</i>	23.0%	24.7%	+1.7 pts	
<i>Adjusted EBITDA</i>	24.7	27.2	+2.5	+10.0%
<i>Adj EBITDA Margin</i>	27.2%	29.1%	+1.9 pts	
	Prior YE	3/31/26	Delta \$	Delta %
Backlog	\$143.5	162.5	19.0	13.3%

# Test – Q2 (\$ in Millions)

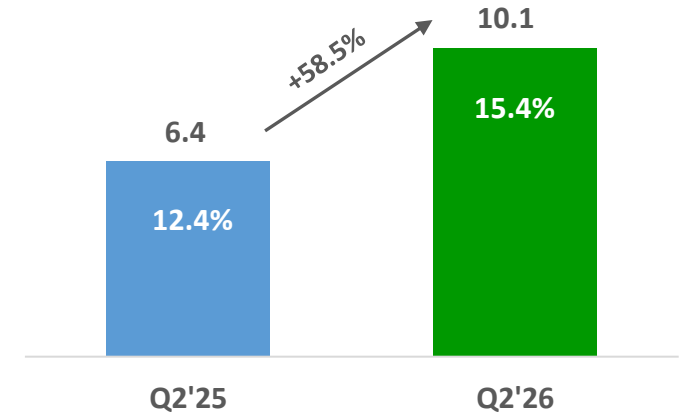
## Entered Orders



## Sales



## Adjusted EBIT



### Entered Orders

- Orders +\$16M (+21%)
  - Strength driven by Test & Measurement (EMC) +\$11M (US & EMEA), Filters +\$9M (US government funded data centers) & Industrial Shielding +\$5M (multiple US projects)
- Q2 Book-to-Bill of 1.42 / Backlog of \$233M up \$45M (+24%) from 9/30/25

### Sales

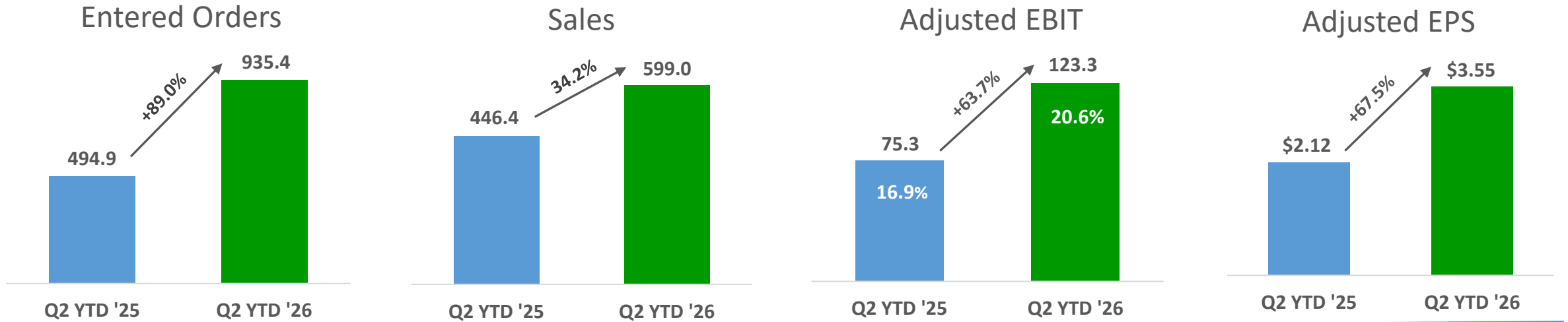
- Sales +\$14M (+27%)
- Strong quarter for Test & Measurement (EMC) +\$10M (US, EMEA & Asia) & Filters +\$4M (US government funded data centers)

### Adjusted EBIT

- Leverage on higher volume and price increases, partially offset by inflationary pressures
- Adjusted EBIT Margin increased 300 basis points to 15.4%

	Q2'25	Q2'26	Delta \$	Delta %
Entered Orders	\$77.0	93.1	16.1	21.0%
Sales	51.4	65.5	14.1	27.5%
Adjusted EBIT	6.4	10.1	3.7	58.5%
<i>Adj EBIT Margin</i>	12.4%	15.4%	+3.0 pts	
Adjusted EBITDA	7.7	11.6	3.9	49.7%
<i>Adj EBITDA Margin</i>	15.0%	17.6%	+2.6 pts	
	Prior YE	3/31/26	Delta \$	Delta %
Backlog	\$187.2	232.5	45.3	24.2%

# Q2 YTD Results – Continuing Operations (\$ in Millions, except per share amounts)



## Entered Orders

- Broad Orders strength across Aerospace, Navy, Test & Regulated Utilities
  - Organic Growth +\$149M (+30%) - A&D +60%, Test +19%, USG +10% (Doble +18% & NRG -25%)
  - Maritime Orders - \$292M (+59%)
- YTD Book-to-Bill of 1.56, Ending Backlog of \$1.5B (+30% from 9/30/25)

## Sales

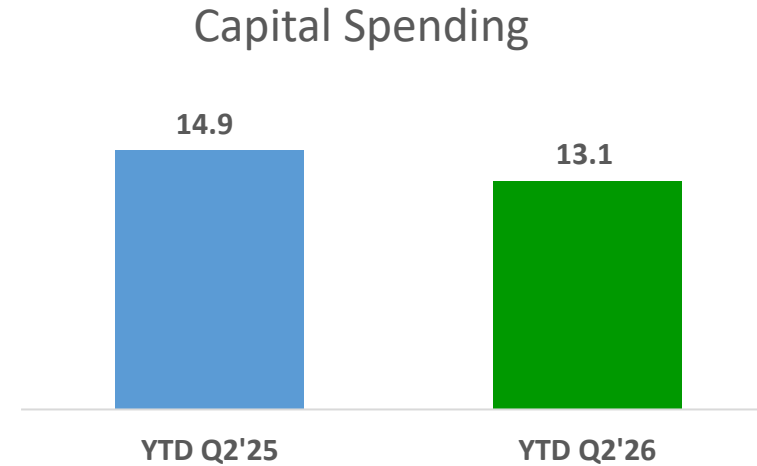
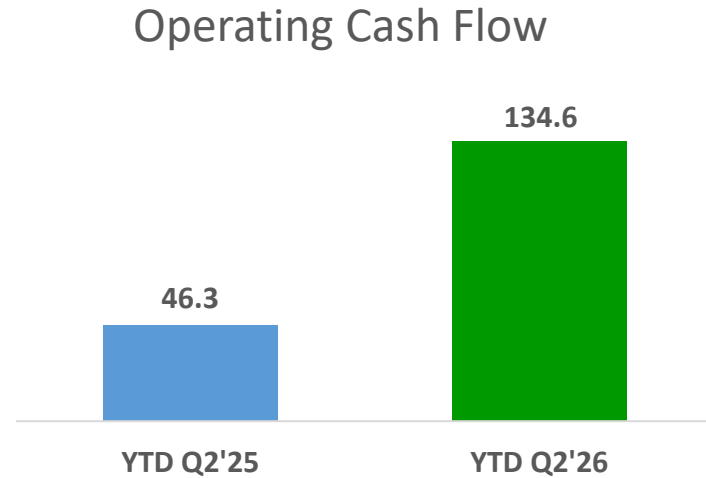
- Continuing strength in Aerospace, Navy, Test & Regulated Utilities
  - Organic Growth +\$54M (+12%) - A&D +14%, Test +27%, USG +2% (Doble +9% & NRG -29%)
  - Maritime Sales +\$98M (+22%)

## Adjusted EBIT

- Margins improvement in all 3 segments
- Margins increased 370 basis points as leverage on higher sales and price increases more than offset inflationary impacts

	Q2 YTD FY'25	Q2 YTD FY'26	Delta \$	Delta %
Entered Orders	\$494.9	935.4	440.5	89.0%
Sales	446.4	599.0	152.6	34.2%
Adjusted EBIT	75.3	123.3	48.0	63.7%
<i>Adj EBIT Margin</i>	16.9%	20.6%	+3.7 pts	
Adjusted EBITDA	91.4	141.4	50.0	54.7%
<i>Adj EBITDA Margin</i>	20.5%	23.6%	+3.1 pts	
EPS GAAP	\$1.81	\$2.40	\$0.59	32.6%
EPS Adjusted	\$2.12	\$3.55	\$1.43	67.5%

# Cash Flow & Capital Expenditures – Continuing Operations (\$ in Millions)



## Operating Cash Flow

- Improvement mainly driven by lower working capital requirements and higher earnings

## Capital Expenditures

- Lower Test and USG Capex

## Acquisitions/Divestitures

- Maritime working capital and tax settlements

## EBITDA Leverage

- Leverage ratio at 0.4X - strong cash generation and healthy balance sheet

Cash Flow	YTD Q2'25	YTD Q2'26	Delta
Operating Cash Flow - Contin Ops	\$46.3	134.6	88.3
Capital Expenditures – Contin Ops	(14.9)	(13.1)	1.8
Acquisitions/Divestitures	-	(10.2)	(10.2)
EBITDA Leverage	0.3X	0.4X	0.1X

# FY'26 Guidance – Continuing Operations

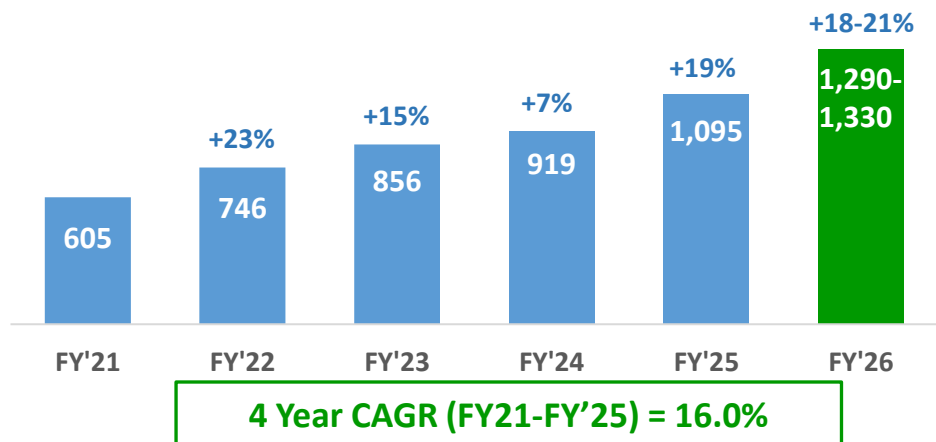
## Adjusted EPS

- **Full Year - Raising to be in the range of \$8.00 - \$8.25 per share (33% - 37% growth)**
  - Midpoint increase of \$0.10 from initial February guidance of \$7.90 - \$8.15 per share (31% - 35% growth)
  - Midpoint increase of \$0.48 from initial November guidance of \$7.50 - \$7.80 per share (24% - 29% growth)
- **Q3'26 - Expected to be in the range of \$2.05 – 2.15 per share (28% - 34% growth compared to Q3'25 Adjusted EPS)**

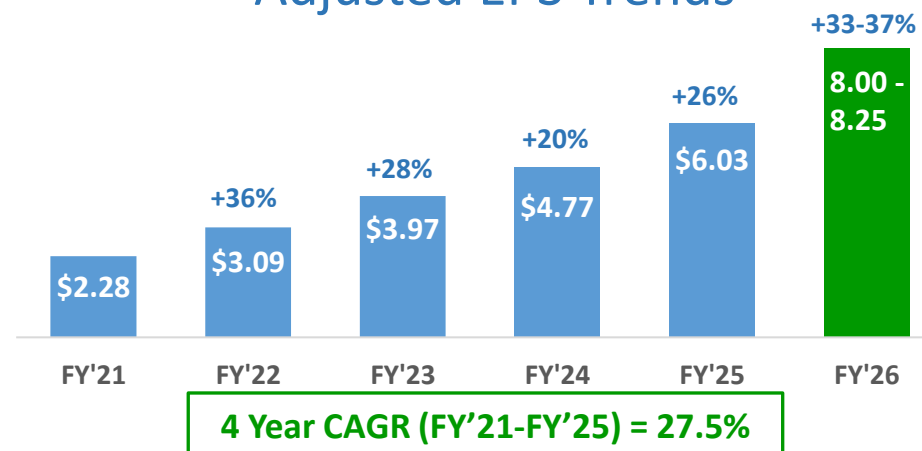
## FY'26 Guidance excludes:

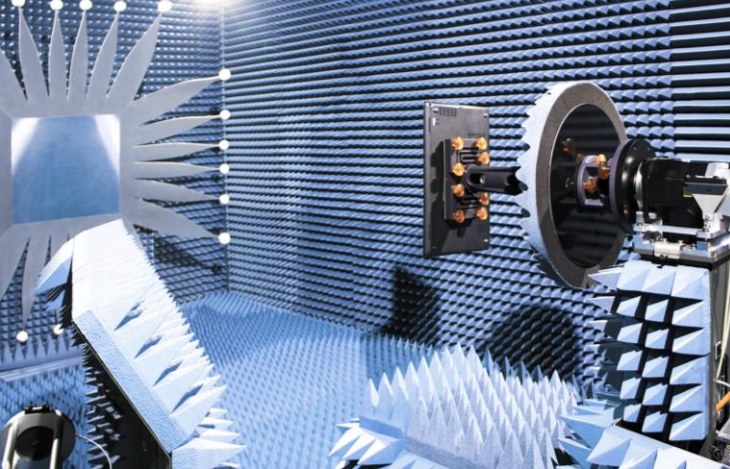
- Megger – the Megger acquisition is expected to close in Q1 of FY'27
- Some transaction costs will be incurred in balance of FY 2026 and will be adjusted out of earnings

## Sales Trends (\$in Millions)



## Adjusted EPS Trends





# ESCO Technologies

## Second Quarter FY 2026 Earnings Call

### Q&A



# Reconciliation of Non-GAAP Measures – Continuing Operations

	3 Months ended March 31					
	GAAP		Adjustments		As Adjusted	
	Q2'25	Q2'26	Q2'25	Q2'26	Q2'25	Q2'26
<b>EBIT</b>						
A&D	\$ 24,217	42,967	2	95	24,219	43,062
USG	20,779	22,486	83	582	20,862	23,068
Test	6,369	8,773	-	1,322	6,369	10,095
Corporate	(14,750)	(27,963)	5,102	18,952	(9,648)	(9,011)
Consolidated EBIT	36,615	46,263	5,187	20,951	41,802	67,214
<b>D&amp;A</b>						
A&D	\$ 2,836	3,465	-	-	2,836	3,465
USG	3,864	4,126	-	-	3,864	4,126
Test	1,354	1,465	-	-	1,354	1,465
Corporate	5,016	17,781	(4,960)	(17,671)	56	110
Consolidated D&A	13,070	26,837	(4,960)	(17,671)	8,110	9,166
<b>EBITDA</b>						
A&D	\$ 27,053	46,432	2	95	27,055	46,527
USG	24,643	26,612	83	582	24,726	27,194
Test	7,723	10,238	-	1,322	7,723	11,560
Corporate	(9,734)	(10,182)	142	1,281	(9,592)	(8,901)
Consolidated EBITDA	49,685	73,100	227	3,280	49,912	76,380
Less: Depreciation & Amortization	(13,070)	(26,837)	4,960	17,671	(8,110)	(9,166)
Consolidated EBIT	\$ 36,615	46,263	5,187	20,951	41,802	67,214
Less: Interest Expense	(2,195)	(2,399)	-	-	(2,195)	(2,399)
Less: Income Tax	(8,037)	(10,308)	(1,193)	(4,818)	(9,230)	(15,126)
Net Earnings - Continuing Ops	\$ 26,383	33,556	3,994	16,133	30,377	49,689
<b>EPS - As Adjusted</b>						
EPS - GAAP - Continuing Ops	\$ 1.02	1.29				
Acq Related Expenses	\$ -	0.03				
Restructuring Charges	\$ -	0.06				
Acquisition Related Amortization	\$ 0.15	0.53				
Adjustments	\$ 0.15	0.62				
EPS - As Adjusted - Continuing Ops	\$ 1.17	1.91				

	Adjusted EPS Guidance			
	Q3'26		FY'26	
	Low	High	Low	High
EPS - GAAP	\$ 1.52	1.62	5.79	6.04
Restructuring/Acquisition Charges	\$ -	-	0.10	0.10
Acquisition Related Amortization	\$ 0.53	0.53	2.11	2.11
Adjusted EPS Guidance	\$ 2.05	2.15	8.00	8.25

	6 Months ended March 31					
	GAAP		Adjustments		As Adjusted	
	YTD Q2'25	YTD Q2'26	YTD Q2'25	YTD Q2'26	YTD Q2'25	YTD Q2'26
<b>EBIT</b>						
A&D	\$ 41,669	80,954	28	241	41,697	81,195
USG	41,268	42,015	83	632	41,351	42,647
Test	10,791	16,815	465	1,322	11,256	18,137
Corporate	(29,059)	(55,163)	10,101	36,519	(18,958)	(18,644)
Consolidated EBIT	64,669	84,621	10,677	38,714	75,346	123,335
<b>D&amp;A</b>						
A&D	\$ 5,486	6,747	-	-	5,486	6,747
USG	7,752	8,206	-	-	7,752	8,206
Test	2,729	2,921	-	-	2,729	2,921
Corporate	10,074	35,456	(9,957)	(35,238)	117	218
Consolidated D&A	26,041	53,330	(9,957)	(35,238)	16,084	18,092
<b>EBITDA</b>						
A&D	47,155	87,701	28	241	47,183	87,942
USG	49,020	50,221	83	632	49,103	50,853
Test	13,520	19,736	465	1,322	13,985	21,058
Corporate	(18,985)	(19,707)	144	1,281	(18,841)	(18,426)
Consolidated EBITDA	90,710	137,951	720	3,476	91,430	141,427
Less: Depreciation & Amortization	(26,041)	(53,330)	9,957	35,238	(16,084)	(18,092)
Consolidated EBIT	\$ 64,669	84,621	10,677	38,714	75,346	123,335
Less: Interest Expense	(4,452)	(5,279)	-	-	(4,452)	(5,279)
Less: Income Tax	(13,527)	(17,095)	(2,456)	(8,903)	(15,983)	(25,998)
Net Earnings - Continuing Ops	\$ 46,690	62,247	8,221	29,811	54,911	92,058
<b>EPS - As Adjusted</b>						
EPS - GAAP - Continuing Ops	\$ 1.81	2.40				
Purchase Accounting/Acq Related Exp	\$ -	0.03				
Restructuring Charges	\$ 0.01	0.07				
Acquisition Related Amortization	\$ 0.30	1.05				
Adjustments	\$ 0.31	1.15				
EPS - As Adjusted - Continuing Ops	\$ 2.12	3.55				